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DEPARTMENT OF TREASURY
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**BULLETIN NO. 7 of 2008
OCTOBER 27, 2008
EQUALIZATION CALENDAR**

TO: Equalization Directors and Assessors

FROM: State Tax Commission (STC)

RE: EQUALIZATION CALENDAR
EQUALIZATION OF ASSESSMENTS

This bulletin contains two documents, which discuss the equalization of assessments. One is the 2009 County and State Equalization Calendar. The other is a paper intended to explain the key features of the County and State Equalization process.

The State Tax Commission reminds assessors and equalizers that the importance of the equalization of assessments has NOT been lessened by the passage of Proposal A. It has, instead, become even more important because State Equalized Value is a key element in the determination of Taxable Value.

2009 COUNTY AND STATE EQUALIZATION CALENDAR

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| June 30, 2008 | Deadline for County Equalization Director to file Interim Status Report of the ongoing study for the current year. |
| Oct. 1, 2008 | Verification of Sales Study information for two year studies is to be completed by this date. |
| Nov. 1, 2008 | Single Year Sales Studies may be initiated by the local assessor to the County Equalization Department. The County Equalization Director shall deliver the studies to the State Tax Commission as soon as possible but not later than this date. Sales occurring between October 1 of the previous year and September 30 prior to tax day shall be used in the single year study. Assessment and Certification Division staff reports to the State Tax Commission (STC) on the progress and quality of 2008 equalization studies (whose purpose is to set the starting base for 2009) for each county on tentative forms L-4030, L-4031, L-4032. |

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| Dec. 1, 2008 | Results of equalization studies should be reported to assessors of each Township and City. |
| Dec. 31, 2008 | Tax day for 2009 property taxes. MCL 211.2. |
| Dec. 31, 2008 is a Holiday Jan. 1, 2009 is a Holiday Jan. 2, 2009 | Due date for filing of county equalization department studies made during 2008 with the STC for all classifications in all units on Form L-4018. [R 209.41]. These studies are used for the 2009 revised starting bases. |
| Feb. 1, 2009 | Assessment and Certification Division staff reports to the State Tax Commission on the progress and quality of 2008 equalization studies (whose purpose is to set the starting base for 2009) for each county on <u>preliminary</u> forms L-4030, L-4031, L-4032. |
| Feb. 16 is a Holiday Feb. 17, 2009 | Deadline for county equalization director to publish in a newspaper the tentative equalization ratios and estimated SEV multipliers for 2009. MCL 211.34a. |
| March 2, 2009 | The 2009 assessment roll shall be completed and certified by the assessor. MCL 211.24. Assessor/Supervisor submits certified roll to Board of Review on March 3, 2009. MCL 211.29(1) |
| April 8, 2009 | <p>The township supervisor or assessor shall deliver completed assessment roll, with BOR certification, to the county equalization director not later than the tenth day after adjournment of the board of review or by April 8 (the Wednesday following the first Monday in April) whichever date occurs first. MCL 211.30(6).</p> <p>Note: An assessor shall file Form L-4021 with the County Equalization Department, and Form L-4022 with the County Equalization Department and the State Tax Commission, immediately following adjournment of the board of review. (STC Administrative Rule: R 209.26(10a), (10b). The form L-4022 <u>must</u> be signed by the assessor.</p> |
| April 14, 2009 | <p>County Board of Commissioners meets in equalization session on the Tuesday following the second Monday in April. MCL 209.5(1) and 211.34(1).</p> <p>The equalization director files a tabular statement of the county equalization adopted by the County Board of Commissioners on the Form L-4024 prescribed and furnished by the STC, immediately after adoption.</p> |

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| | <p>County equalization shall be completed and official report (Form L-4024) filed with STC prior to May 5, 2009. The Assessment and Certification Division staff makes a <u>final</u> report to the State Tax Commission on Forms L-4030, L-4031, L-4032 immediately after the adoption of the 2009 equalization report by the County Board of Commissioners.</p> |
| April 20, 2009 | <p>Equalization director files separate Form L-4023 for each unit in the county with the STC no later than April 20, 2009. MCL 211.150.</p> |
| May 4, 2009 | <p>Deadline for filing official County Board of Commissioners report of county equalization (L-4024) with STC. MCL 209.5(2).</p> <p>Appeal from county equalization to Michigan Tax Tribunal must be filed within 35 days after the adoption of the county equalization report by the County Board of Commissioners. MCL 205.735(3).</p> |
| May 11, 2009 | <p>Preliminary state equalization valuation recommendations presented by the Assessment and Certification Division staff to the State Tax Commission. MCL 209.2.</p> |
| May 25, 2009 is a holiday May 26, 2009 | <p>State Equalization Proceeding - Final State Equalization order is issued by STC. MCL 209.4.</p> |

THE EQUALIZATION OF ASSESSED VALUES

Note: This paper is intended to be an aid in understanding the equalization process. It is NOT a technical statement of policies and procedures.

1979 P.A. 114 requires separate equalization of the total of each of the six classifications of real property and for the total of personal property, beginning with the 1981 equalization. Equalization by classification for real property does NOT mean that assessing officers must no longer maintain uniformity within and between all the classifications of property, real and personal, in each city or township. Assessments of all property are required to be at 50% of True Cash Value. True Cash Value is defined by Michigan Compiled Laws 211.27.

Equalization Process for 2009:

1. Prior to December 31, 2008, the county equalization department of each county is required to study the assessments in each separately equalized classification of property in each township and city. The results of these equalization studies are given to each assessor and to the State Tax Commission by December 31, 2008.
2. December 31, 2008 is tax day for 2009 assessments and is the date on which the assessable status of persons and property is determined.
3. By the third Monday in February, (Feb. 17, 2009 because of the holiday), the equalization director is required to publish the assessment level percentages and the tentative state equalized valuation multipliers separately for each of six classes of real property and the total of personal property for each township and city.
4. By March 2, 2009, the assessor of each township or city must have completed the 2009 assessment roll and determined a uniform valuation for each item of assessable property. (Statute requires 50% assessment.)
5. Between March 9, 2009 and April 6, 2009, the board of review in each township and city hears appeals from property owners and may correct errors or approve individual appeals if the change is supported by adequate factual information.
6. Between April 8, 2009 and the May 1, 2009, the law requires the county board of commissioners to review the assessment rolls of all units and either approve the totals of the assessments for the six classifications of real property and the total of personal property assessed valuations of each unit or add to or deduct from those classifications of property which are not representative of 50% of true cash value.
7. On May 11, 2009, the State Tax Commission issues a tabular statement containing the totals for each of the six classifications of real property and the total personal property which it has determined to be the preliminary equalized valuation for each county for 2009. The statement is mailed to the county clerk. During the time between preliminary and final state equalization, the State Tax Commission hears complaints about the preliminary valuations.

8. On May 26, 2009 (May 25 is a holiday), the State Tax Commission issues the final state equalized valuations for the totals of six classifications of real property and the total of personal property for each of the 83 counties. A statement showing the results of state equalization is mailed to each county treasurer.

The state equalized valuation of an individual item of real property results from a calculation based on the actions of the three equalization bodies: the local assessor and board of review; the county board of commissioners; and the state tax commission acting as the state board of equalization. It is the function of the assessor to establish and maintain uniformity between individual parcels of property in the township or city. It is the function of the county equalization department to establish and maintain uniformity between classifications for townships and cities in the county by estimating the total value of each classification in each township and city. It is the function of the State Tax Commission to establish and maintain uniformity between classifications for counties by establishing the value of the total of each classification in each county.

The formula for the state equalized valuation multiplier is: the state equalized valuation (SEV) of the classification of real property for the township (or city) divided by the assessed valuation of the class of real property for the township (or city) equals the S.E.V. multiplier for that classification. The assessed valuation of one parcel of property classified residential (for example, \$20,000) multiplied by the S.E.V. multiplier for residential (for example, 1.2500) produces the 2009 S.E.V. (For example, \$25,000) for that parcel for that classification. The S.E.V. is entered on the tax roll and tax bill.

If assessment rolls are accepted by the county board of commissioners as being at the 50% level for the residential classification of property, and if the total equalized valuation for residential real property for the entire county adopted by the board of county commissioners is accepted by the state tax commission as being at 50% of True Cash Value, the assessments of residential real property within that assessment unit would be equal to the state equalized valuations for residential: or in other words, the S.E.V. multiplier would equal 1.0000.

Because of the timing of the study to determine a revised equalization base as required from each county, every assessor has the opportunity to adjust the level of assessment (for example, from 40% to 50%) so as to avoid the necessity of applying an S.E.V. multiplier to the assessments. The study is required to be submitted to the State Tax Commission by December 31, 2008 (January 2, 2009 since both December 31, 2008 and January 1, 2009 are holidays) and its results are published by mid-February, 2009.

Calculation Examples:

In Township A, the county equalization department's study finds that residential real property was assessed for \$40,000,000 and that the true cash value amounted to \$100,000,000. This indicates a residential real property assessment level of 40.00%. The tentative S.E.V. (on half of true cash value) multiplier would be $\$50,000,000 / \$40,000,000$ or a 1.2500 multiplier for the residential classification.

The assessor for Township A does not adjust the assessment percentage level, but adds \$4,000,000 of NEW assessments to residential real property. This would not change the assessment level from 40%, and the true cash value would be \$110,000,000, and the correct

equalized valuation would be \$55,000,000 for residential real property. ($\$44,000,000 \times 1.2500 = \$55,000,000$ S.E.V.).

In most counties, the equalization department would recommend that the 2009 equalized valuation of residential real property be equal to \$55,000,000 and the board of county commissioners would adopt the recommendation. Then if the State Tax Commission accepted the valuation adopted by the county for the total residential real property in the county, the state equalized valuation of Township A's residential real property would be \$55,000,000 resulting in a S.E.V. multiplier of 1.2500 ($\$55,000,000$ S.E.V. / $\$44,000,000$ A.V.) for the residential classification of real property.

Assume the total residential real property equalized valuations for all units as adopted by the county was \$200,000,000. If in Township A with \$44,000,000 of assessed residential real property, the county **did NOT** add the required \$11,000,000 necessary to equal 50% of true cash value required for the residential classification and throughout the county there was a similar undervaluation by local units and the county board of commissioners for that classification; in state equalization, this County would be assigned a residential real property state equalized valuation of \$250,000,000. Township A had been assigned 22% of the total residential real equalized valuation in the county by the board of commissioners ($\$44,000,000 / \$200,000,000$). Therefore, the state equalized valuation of residential for Township A would become 22% of \$250,000,000 or \$55,000,000. As in the prior example the S.E.V. multiplier produced is 1.2500. (Crosscheck: $\$44,000,000 \times 1.25 = \$55,000,000$).

The example throughout this paper is for the residential real property classification of property, but the equalization procedures are exactly the same for the five other classes of real property. Personal property equalization differs in that all of the personal property classifications are combined and are assigned a single total equalized valuation for the total of the assessments, for all the personal property.

Appeals:

There are appeals from the actions described in items number 4, 5, and 6 which may be filed with the Michigan Tax Tribunal. Appeals of property classified as commercial real, industrial real, developmental real, commercial personal, industrial personal or utility personal must be made by filing a written petition with the Michigan Tax Tribunal on or before May 31 of the tax year involved. Appeals of property classified as residential real, agricultural real, timber-cutover real must be made by filing a written petition with the Michigan Tax Tribunal on or before July 31 of the tax year involved.